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OFFICE OF GENERAL
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August 25, 2014

BY HAND DELIVERY

Mr. Jeff S. Jordan, Esq.
Assistant General Counsel
Complaints Examination & Legal Administration
Federal Election Commission
999 E Street, NW
Washington, DC 20436

Re: Matter Under Review 6848

Dear Mr. Jordan:

We write on behalf of our clients Mr. George Demos, Friends of George Demos, and Mr. Robert Cole in response to a complaint filed in the above-captioned matter under review.

"Chairman Garcia said, "First we find out George Demos has nothing to tell the voters of the first congressional district but lies. Then we learn that his campaign was organized in California. And now we learn the money he is using to spew his disgraceful lies is illegal."

— Brookhaven News Herald

June 23, 2014¹

¹ This quote appears in identical form in an article in the Long Island Exchange on the same day, as well as on the Brookhaven Town Republican Committee ("BRTC") Facebook page. See, *Brookhaven Town Republican Chairman Jesse Garcia Calls on FEC to Investigate Demos' Congressional Campaign*, BROOKHAVEN NEWS HERALD, June 23, 2014, available at <http://brookhavennewsherald.com/7042/79680/a/brookhaven-town-republican-chairman-jesse-garcia-calls-on-fec-to-investigate-dem>. (Exh. 1), *Brookhaven Town Republican Chairman Jesse Garcia Calls on FEC to Investigate Demos' Congressional Campaign*, THE LONG ISLAND EXCHANGE, June 23, 2014, available at <http://www.longislandexchange.com/press-releases/brookhaven-town-republican-chairman-jesse-garcia-calls-on-fec-to-investigate-demos-congressional-campaign/>. (Exh. 2), BRTC Facebook Post (Screenshot captured Aug. 11, 2014.) (Exh. 3), Letter from Jesse Garcia, Chairman, to Members, Supporters & Friends of the BRTC (continued...)

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Mr. Jeff S. Jordan, Esq.

August 25, 2014

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This complaint was part of a pre-election day smear, with accompanying press coverage, designed to amplify attacks on George Demos' campaign that had been leveled by his opponent in the Republican primary. Those attacks were successful. The next day, June 24, 2014, Mr. Demos lost the Republican primary.

The substance of the complaint is lacking in foundation and fact, and the Commission should close this matter. The complaint asks the FEC to investigate whether Mr. Angelo Tsakopoulos gave Mr. Demos the money that Mr. Demos used to fund Friends of George Demos, his principal campaign committee. Mr. Garcia does not have any personal information as to Mr. Demos' finances, and instead, relies on three alleged "facts" to support his call for an investigation: (i) Mr. Garcia is not aware of Mr. Demos' employment history since leaving the Securities and Exchange Commission, therefore Mr. Garcia infers that there might not be any and Mr. Demos must not have any assets; (ii) press reports describing the bitter nature of this primary election included unsourced allegations that Mr. Demos' campaign was secretly funded by California Democrats, including Mr. Tsakopoulos; and (iii) Mr. Garcia recalls that Mr. Demos made statements to him in an argument over whether Mr. Garcia would support him that either Mr. Tsakopoulos or familial wealth derived from Mr. Tsakopoulos would fund the Demos campaign. This is an insufficient basis upon which to find a "reason to believe" a violation of the Federal Election Campaign Act ("the Act") has occurred.

The allegations in this complaint are insufficient, lack substance, and are false. The Commission should conclude no reason to believe a violation occurred exists and exercise its discretion to dismiss the complaint with no further action,

I. Standard of Review

The Commission may find a "reason to believe" only when a complaint sets forth specific facts, which if proven true, would constitute a violation of the Act. Complaints must be based on personal knowledge or identify a source of information that "*reasonably gives rise to a belief in the truth* of the allegations presented." MUR 4960 (Hillary Rodham Clinton For U.S. Senate Exploratory Committee, Inc.), Statement of Reasons, Commissioners David M. Mason, Karl J. Sandstrom, Bradley A. Smith, and Scott E. Thomas (hereinafter "Hillary") (emphasis added); see also 2 U.S.C. § 437(g)(a)(1), 11 C.F.R. § 111.4(d)(2).

As part of that evaluation, the assessment for credibility is an important "procedural safeguard[] that protect[s] respondents from frivolous complaints meant to harass[.]" MUR

(available at BRTC website, <http://www.brookfavenrepublican.com/Races.aspx>) (Screenshot captured Aug. 11, 2014.) (Exh. 4).

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5878, (Arizona State Democratic Central Committee) (hereinafter "Arizona"), Statement of Reasons, Commissioners Donald F. McGahn, Caroline C. Hunter, and Matthew S. Petersen,

In assessing the credibility of supposed facts in a complaint, the Commission has found that mere allegations in a newspaper, specifically an unsubstantiated quote, is not an adequate basis to find a reason to believe. MUR 4960 (Hillary); *see also* MUR 5879 (Arizona). This is especially true when the article is "accompanied by a direct refutation" of the allegation. *Id.*

Further, finding a "reason to believe" is not merely a "reason to investigate[.]" *See id.* The standard is higher. The Commission must conclude, based on the evidence before it, that it believes a violation may have occurred. *Guidebook for Complainants and Respondents on the FEC Enforcement Process*, at p. 12, Federal Election Commission, May 2012. The D.C. Circuit has found that "mere 'official curiosity' will not suffice as the basis for FEC investigations[.]" *FEC v. Machinists Non-Partisan Political League*, 655 F.2d 380, 388 (D.C. Cir. 1981).

II. The Substance of the Complaint Is Insufficient to Find Reason To Believe

The complaint in this matter does not contain specific or credible facts that would show a violation of the Act. Rather, this complaint sets forth alternative, hypothetical, and conflicting claims meant to attack a candidate and asks the FEC to engage in a fishing expedition into a political opponent's finances. This complaint is not based on personal knowledge of salient facts; the newspapers articles attached to the complaint are unsourced, unsubstantiated political attacks; and the political nature of the complaint is evident.

Mr. Garcia's complaint relies on two sources to make his allegations. The first is unsourced press articles. Not only are these articles an insufficient basis for a claim, but one of the articles includes a direct, cited refutation of the claim. The June 18, 2014 article "Demos, Zeldin Duke It Out At Indy" from The Independent that Mr. Garcia attached to the complaint is a summary of a candidate debate that illustrates how "heated" and "somewhat ugly" the primary was. The article shows that Mr. Demos' opponent "repeatedly charged the Demos campaign is funded by 'California Democrats,' linking Demos to Nancy Pelosi" and claiming that \$2.15 million of Demos' funds came from "California Democrats." As the article states, Mr. Demos denied the claim in real-time, responding that this attack was "preposterous." According to the article, when "Zeldin intensified his attack" and asked, "Where did you get your money from? How did you get it?" Mr. Demos replied, "It's mine." Demos reportedly elaborated, "My wife and I have assets, my campaign is funded with our own money."

When Mr. Demos said he loaned his campaign his own money, Mr. Zeldin – according to the article Mr. Garcia attached to the complaint – said that "Demos told party leaders his father-in-law would cut him a check for \$2 million if he were named the party's candidate."

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August 25, 2014

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As Mr. Demos said then, this is preposterous. Mr. Demos was not the "party's candidate," there is no \$2 million check from Mr. Tsakopoulos to Mr. Demos, and Mr. Demos loaned his campaign – and publicly reported to the Commission – \$1,000,000 of his own assets prior to even meeting with Mr. Garcia.

The second source for the allegations in the complaint is Mr. Garcia's hazy recollection of a meeting that had occurred more than six months earlier. Mr. Garcia's characterization of his conversation with Mr. Demos in the complaint is muddled and wrong. Mr. Garcia alternatively claims that Mr. Demos told him funds were coming "through" Mr. Tsakopoulos, that Mr. Tsakopoulos would "give" him the funds, and that the funds were "from his wife's family."

Nearly seven months after the meeting between Mr. Garcia and Mr. Demos, the day before the primary election, Mr. Garcia announced to the press that he was filing this complaint, ensuring that his repetition of the Zeldin campaign's attacks on Mr. Demos would receive additional news coverage within the district before the election. A review of the timeline of the known facts in this matter, as set forth below, shows that this complaint's prime purpose was as a political attack:

- September 27, 2013 – Mr. Demos made a \$1,000,000 loan to Friends of George Demos.
- December 14, 2013 – Mr. Garcia and Mr. Demos met to discuss whether Mr. Garcia would support Mr. Demos.
- December 30, 2013 – Mr. Demos made a \$1,000,000 loan to Friends of George Demos.
- June 18, 2014 – Local press published stories summarizing the heated primary campaign, including the candidates' attacks on each other. Mr. Demos was attacked for being a supposed "California Democrat" who received \$2 million from Mr. Tsakopoulos or, alternatively, from Paul Pelosi, Nancy Pelosi's husband. Mr. Demos denied the allegations and explained that he funded his own campaign.
- June 20, 2014 – The complaint was notarized.
- June 23, 2014 – Mr. Garcia issued a statement to the press and posted the statement on the Brookhaven Town Republican Committee ("BRTC") Facebook page and a similar message on the BRTC website. Exhs. 3, 4.
- June 23, 2014 – Local media outlets ran Mr. Garcia's press release calling Mr. Demos a liar and calling for the FEC to investigate Mr. Demos. Exhs. 1, 2.
- June 24, 2014 – The primary election was held. Mr. Demos was defeated.
- June 25, 2014 – The FEC received the complaint.

Because this complaint is not based on credible information or facts based on personal knowledge, and because the substance of the complaint is replete with allegations based on unsourced and unsubstantiated news articles, including articles that directly refute the allegations in the complaint and Mr. Garcia's inflammatory recollections, the Commission should conclude that there is insufficient evidence upon which to conclude a violation of the law may have occurred, and close this matter without further action.

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III. Mr. Demos Did Not Use Mr. Tsakopoulos' Assets

The funds at issue were not, as Mr. Garcia alleges, "actually from [Mr. Demos'] father-in law[.]"² Instead, the funds Mr. Demos loaned to Friends of George Demos were from assets he owned jointly with his wife. See Decl. of George Demos ¶ 6 (Exh. 5). Mr. Demos is married to Chrysanthi Tsakopoulos Demos, Mr. Tsakopoulos' daughter. See *id.* ¶ 2. The funds derived from Mrs. Demos' investment assets and were not a gift, loan, or donation from Mr. Tsakopoulos. See *id.* ¶ 6. Using funds held before he declared his candidacy, Mr. Demos loaned Friends of George Demos \$1,000,000 on September 27, 2013 and \$1,000,000 on December 30, 2013. See *id.* ¶ 4 & 5.

Mr. Demos acknowledges that he met with Mr. Garcia on December 14, 2013 to seek Mr. Garcia's support, and the support of the BRTC. During the meeting, Mr. Demos conveyed to Mr. Garcia that he had loaned \$1,000,000 to his campaign – a fact that was already publicly reported to the Commission – and was considering loaning more. Mr. Demos publicly reported loaning personal funds to Friends of George Demos before even meeting with Mr. Garcia. See Garcia Complaint Exh. 2. This is consistent with Mr. Demos' statement to the press. Friends of George Demos reported the loans on the committee's reports to the Commission. See *Committee's* October Quarterly Form 3, at p. 5 and Year End Form 3, at p. 72.

IV. Conclusion

The essential allegation in Mr. Garcia's complaint - that Mr. Tsakopoulos gave Mr. Demos the \$2,000,000 that Mr. Demos subsequently loaned to his campaign - is false. Mr. Demos used assets, held before he became a candidate, to loan his campaign those funds. The balance of the evidence before the Commission warrants finding no reason to believe a violation of the law occurred and the dismissal of this rather shoddy campaign tactic.

² While the Commission does not need to address the issue, there is an open questions as to the ongoing viability of the underlying basis of Mr. Garcia's complaint - restrictions on contributions by the immediate family members of a candidate. In recent years, the Supreme Court has repeatedly returned to the question of the appropriate scope of the government's interest in limiting *quid pro quo* corruption and in each instance, has viewed the state's interest very narrowly. See, e.g., *Citizens United v. FEC*, 588 U.S. 310 (2010) and *McCutcheon v. FEC*, 134 S.Ct. 1434 (2014). While the Supreme Court grudgingly upheld contribution limits for family members in *Buckley v. Valeo*, 424 U.S. 1 (1976), acknowledging the "somewhat diminished" connection between a family member's contribution and the state interest in preventing corruption, (*id.* at 53 n.59), the Court's more recent decisions call into question the ongoing validity of that conclusion.

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In short, the Commission should close this matter as to Mr. Demos, the Committee, and Mr. Cole without further action.

Respectfully Submitted,



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10004440001

Exhibits

1. *Brookhaven Town Republican Chairman Jesse Garcia Calls on FEC to Investigate Demos' Congressional Campaign*, BROOKHAVEN NEWS HERALD, June 23, 2014, available at <http://brookhavennews herald.com/7042/79680/a/brookhaven-town-republican-chairman-jesse-garcia-calls-on-fec-to-investigate-dem>.
2. *Brookhaven Town Republican Chairman Jesse Garcia Calls on FEC to Investigate Demos' Congressional Campaign*, THE LONG ISLAND EXCHANGE, June 23, 2014, available at <http://www.longislandexchange.com/press-releases/brookhaven-town-republican-chairman-jesse-garcia-calls-on-fec-to-investigate-demos-congressional-campaign/>.
3. BRTC Facebook Post (Screenshot captured Aug. 11, 2014.)
4. Letter from Jesse Garcia, Chairman, to Members, Supporters & Friends of the BRTC (available at BRTC website, <http://www.brookfavenrepublican.com/Races.aspx>) (Screenshot captured Aug. 11, 2014.)¹
5. Declaration of George Demos

¹ The entire content of the BRTC website was no longer available on Aug. 19, 2014.

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Brook

• Nationally Recognized
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Brookhaven Town Republican Chairman Jesse Garcia Calls on FEC to Investigate Demos' Congressional Campaign

June 23, 2014 | By Press Release

Coram - Brookhaven Town Republican Chairman, called on the Federal Elections Commission (FEC) to investigate the \$2,000,000 contribution from George Demos' father in law to his campaign.

The official complaint was mailed to the FEC on June 20, 2014 and details the suspicious circumstances around which the campaign came to be in possession of the significant contribution. The complaint further details personal knowledge of the source of the donation gathered during a meeting in December of 2013.

From the complaint to the Federal Elections Commission:

On June 18, 2014, local newspaper The Times Beacon Record reported that Demos' father-in-law, Angelo Tsakopoulos gave the Demos campaign \$2,000,000.

Mr. Demos wasted no time explaining that he intended to run for Congress and advised us that Lee Zeldin should not run for the office because he (Demos) was bringing a substantial sum of money to this campaign through his father-in-law.

Chairman Garcia said, "First we find out George Demos has nothing to tell the voters of the first congressional district but lies. Then we learn that his campaign was organized in California. And now we learn that the money he is using to spew his disgraceful lies is illegal.

"We have an inherent responsibility to do our due diligence in vetting the candidates so that the voters of the First Congressional District can be confident in their decision on June 24th.

"At a meeting held in my office with Brookhaven Republican Party Vice Chair Betty Manzella on December 12, 2013, Mr. Demos openly admitted that he was receiving a \$2,000,000 donation from his father-in-law Angelo Tsakopoulos; one of the biggest supporters of national Democrats and Nancy Pelosi. Now, he is stating that he loaned his own money into his campaign committee Friends of George Demos. The problem is, he hasn't had a job in years and his only job on record would make it impossible for him to accumulate that kind of money. It just doesn't add up."

"George Demos has spent the entirety of this campaign blatantly lying to the First Congressional District. It is time for him to come clean about where his donations are coming from—the voters have a right to know. He is obviously not going to come clean on his own, so we are calling on the FEC to take the necessary steps to get to the bottom of his deceit," Garcia said.

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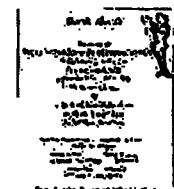
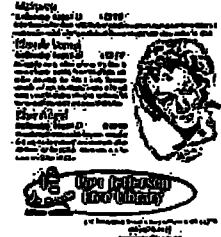
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8/20/2014

FOR IMMEDIATE RELEASE: JUNE 23, 2014

BROOKHAVEN TOWN REPUBLICAN CHAIRMAN JESSE GARCIA CALLS ON FEC TO INVESTIGATE DEMOS' CONGRESSIONAL CAMPAIGN

(Coram, NY) Brookhaven Town Republican Chairman Jesse Garcia called on the Federal Elections Commission (FEC) to investigate the \$2,000,000 contribution from George Demos' father in law to his campaign.

**[SPECIAL REPORT]**

The official complaint was mailed to the FEC on June 20, 2014 and details the suspicious circumstances around which the campaign came to be in possession of the significant contribution. The complaint further details personal knowledge of the source of the donation gathered during a meeting in December of 2013.

From the complaint to the Federal Elections Commission:

- On June 18, 2014, local newspaper The Times Beacon Record reported that Demos' father-in-law, Angelo Tsakopoulos, gave the Demos campaign \$2,000,000.
- Mr. Demos wasted no time explaining that he intended to run for Congress and advised us that Lee Zeldin should not run for the office because he (Demos) was bringing a substantial sum of money to this campaign through his father-in-law.

Chairman Garcia said, "First we find out George Demos has nothing to tell the voters of the first congressional district but lies. Then we learn that his campaign was organized in California. And now we learn that the money he is using to spew his disgraceful lies is illegal.

"We have an inherent responsibility to do our due diligence in vetting the candidates so that the voters of the First Congressional District can be confident in their decision on June 24th.

"At a meeting held in my office with Brookhaven Republican Party Vice Chair Betty Manzella on December 12, 2013, Mr. Demos openly admitted that he was receiving a \$2,000,000 donation from his father-in-law Angelo Tsakopoulos, one of the biggest supporters of national Democrats and Nancy Pelosi. Now, he is stating that he loaned his own money into his campaign committee Friends of George Demos. The problem is, he hasn't had a job in years and his only job on record would make it impossible for him to accumulate that kind of money. It just doesn't add up."

"George Demos has spent the entirety of this campaign blatantly lying to the First Congressional District. It is time for him to come clean about where his donations are coming from—the voters have a right to know. He is obviously not going to come clean on his own, so we are calling on the FEC to take the necessary steps to get to the bottom of his deceit," Garcia said.



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NEW YORK, Aug. 20, 2014 /PRNewswire/ – The District Attorney's Office for Queens County, New York, dismissed all criminal charges today in its \$50 million Internet sports betting and enterprise corruption case against prominent Southern California philanthropist George Molsbarger. Mr. Molsbarger, ...

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8/20/2014

Brookhaven Town Republican Chairman Jesse Garcia Calls on FEC to Investigate Demos' Congressional Campaign | Long Island Exchange

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Brookhaven Town Republican Chairman

Jesse Garcia Calls on FEC to Investigate Demos' Congressional Campaign

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"George Demos has spent the entirety of this campaign blatantly lying to the First Congressional District. It is time for him to come clean about where his donations are coming from—the voters have a right to know. He is obviously not going to come clean on his own, so we are calling on the FEC to take the necessary steps to get to the bottom of his deceit." Garcia said.



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To: Members, Supporters & Friends of the BTRC

From: Jesse Garcia, Chairman

I want to take this opportunity to share with you a statement I issued the press today, regarding the campaign donations and financial sources of insurgent George Demos.

I think it is important for you as valued Members, Supporters and Friends of our Republican Committee share with your friend and neighbors the truth about the Congressional race, the raiding of our Party and what truly is at stake for all of our futures.

Republican Chairman Slams George Demos as 'Liar'
Calls His Latest Congressional Campaign Another Embarrassing Charade
Coram, NY: Jesse Garcia, Chairman of the Brookhaven Town Republican
Committee, issued the following statement in response to the fundraising report just
released by Congressional candidate, George Demos.
George Demos' latest fundraising report exposes him for what he a really is—a liar
shamelessly manipulating the facts to ultimately benefit democrats. Look at the
numbers:

- 100 of his 250 donations are from California
- \$150,000 of the \$200,000 raised is from California
- \$4000 of the total amount of funding for his campaign is from the First.

**Congressional District of New York
Statement**

"George Demos is funding his untruthful, nasty crash and burn campaign attack ads with millions of dollars, suspiciously funneled to him from Angelo Psakopoulos, a prominent liberal democrat and business partner of Nancy Pelosi's husband, Paul Pelosi. Psakopoulos is one of the largest west coast bundlers and donors of Nancy Pelosi and the Democrats.

"These numbers shine light on the fact that Demos has no local ties to our community and even worse, he clearly has no interest in building them, given that he's collected nearly 100% of his funding from outside the First Congressional District.

"in fact, only \$4,000 actually came from inside the First Congressional District, and \$1,000 of that came from his campaign consultant who he pays \$20,000 per month, and who also doesn't actually live in our District!

"It is so clear that he has been planted in the First Congressional District to spread lies and spoil the election so that this seat can stay in the democratic hands of Tim Bishop.

"His presence in this election is an insult to true Conservative Republicans, but worse, it's an insult to Long Islanders who deserve the respect of honest candidates. The numbers speak for themselves.

"Democrat Slaughtering Horse George Demos should end his charade and remove himself from this race. If he wants to run for Congress, he should run as a Democrat in California, because that is where all of his money is coming from."

BEFORE THE FEDERAL ELECTION COMMISSION

In re MUR 6848

DECLARATION OF GEORGE DEMOS

1. My name is George Demos. This declaration is made upon my personal knowledge and belief.
2. I am married to Chrysanthi Tsakopoulos Demos, the daughter of Mr. Angelo Tsakopoulos. Mr. Tsakopoulos is also a named respondent in this matter.
3. On September 25, 2013, I filed a Statement of Candidacy for the office of the United States House of Representatives from the 1st congressional district of New York. On that same day, I filed a Statement of Organization for the Friends of George Demos campaign committee. Robert Cole was named as the treasurer.
4. I loaned \$1,000,000 to Friends of George Demos on September 27, 2013.
5. I loaned \$1,000,000 to Friends of George Demos on December 30, 2013.
6. These loans were from assets I owned with my wife before declaring myself a candidate and were not gifts, loans or donations to me by Mr. Angelo Tsakopoulos.
7. I was defeated in the primary election on June 24, 2014.

I declare under penalty of perjury that the foregoing is true and correct.

George Demos
George Demos

Date: 8/25/14

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